UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/49/906
2 June 1995

ORIGINAL: ENGLISH

Forty-ninth session
Agenda item 132 (a)

# ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE UNITED NATIONS PEACE-KEEPING OPERATIONS: FINANCING OF THE UNITED NATIONS PEACE-KEEPING OPERATIONS

## Death and Disability Benefits

## Report of the Secretary-General

Executive summary

By its resolution 49/233 of 23 December 1994, the General Assembly requested the Secretary-General to present concrete proposals on possible revisions to the current arrangements for compensation for death or injury sustained by contingent troops in the service of United Nations peace-keeping operations. The resolution requested the Secretary-General to do this, based on the principles of:

(a) Equal treatment of Member States;

(b) Compensation to the beneficiary that is not lower than reimbursement by the United Nations;

(c) Simplification of administrative arrangements to the extent possible;

(d) Speedy settlement of claims for death and disability;

and to include information on the administrative and financial implications, for each of the following options:

(a) Current arrangements with a reasonable minimum level of compensation payable for death and disability;

(b) A system of compensation featuring standardized rates of reimbursement for death and disability;

(c) A uniform global insurance scheme to cover all troops;

(d) The current policy used for military observers, whereby reimbursement is limited to twice the annual salary excluding allowances, or $50,000, whichever is greater.

95-16496 (E) 080695 120695

/...

CONTENTS


| | | Paragraphs | Page |
|---|---|---|---|
| I. | INTRODUCTION | 1 | 3 |
| II. | BACKGROUND | 2 - 3 | 3 |
| III. | CURRENT SYSTEM | 4 - 10 | 3 |
| IV. | COMPARISON OF ALTERNATIVE SCHEMES | 11 - 22 | 5 |
| V. | ADDITIONAL OPTION | 23 - 24 | 7 |
| VI. | CONCLUSIONS | 25 - 27 | 8 |

Annexes

| | | |
|---|---|---|
| I. | SCHEDULE OF AWARDS | 9 |
| II. | COMPARISON OF ACTUAL AMOUNTS CLAIMED BY TROOP-CONTRIBUTING COUNTRIES WITH AMOUNTS TO BE AWARDED UNDER OPTION 2 USING STANDARDIZED RATES | 11 |

## I. INTRODUCTION

1. The present report describes the background to and development of the present arrangements for compensation for contingent troops injured or killed while in the service of the United Nations. The problems of the current system are highlighted and attention given to the continuing complaints of the troop-contributing countries. The five options proposed in General Assembly resolution 49/233 and an additional proposal of the Secretariat are compared to four acceptance criteria and matched to problems already encountered in the administration of the present method. Exact comparisons of potential costs for each option have not been possible because of the unpredictable nature of such future events. The report does indicate whether one option would be more or less costly than the present system based on past experience.

## II. BACKGROUND

2. Although the earliest Staff Rules (1948) provided for compensation to civilian staff injured or killed in the course of performing their duties for the Organization, it was not until 1956 in connection with the financing of the United Nations Emergency Force (UNEF) 1/ that a position was formally stated regarding the death, injury or illness of troops attributable to their service with the United Nations. It was clearly assumed that such personnel or their dependants should qualify for pension benefits or compensation under their own national service schemes. Also, implicitly understood was the premise that the United Nations was liable for the reimbursement to Governments of the amount of such compensation. The Organization took steps in 1956 to cover this liability by recourse to commercial insurance, subject to a maximum of $25,000 per case. 2/ Although the insurance was soon dropped and the liability assumed directly by the Organization, the principle of reimbursing Governments for amounts awarded by national practices has remained unchanged.

3. In 1993, when casualties in peace-keeping operations began to increase, the practice of reimbursement was clearly reaffirmed in document A/47/733/Add.1, paragraph 24, where it was stated that "provision is made for the reimbursement to Governments of payments made by them based on national legislation and/or regulations, for death, injury, disability or illness sustained by members of their contingents and attributable to service" with the United Nations Transitional Authority in Cambodia (UNTAC). Subsequent missions have all carried such provisions for reimbursement to Governments of awards made under their national legislation.

## III. CURRENT SYSTEM

4. In respect of death and disability awards, a Government claim is required to permit reimbursement of payments made to beneficiaries in accordance with national legislation and/or regulations. This claim must be appropriately certified by the Auditor-General or an official of equivalent rank or position. Supporting documentation is required as follows:

(a) A copy of the relevant national legislation and/or regulations setting forth the compensation entitlement;

(b) An explanation as to how the total compensation amounts were computed, with a breakdown of the respective entitlements included in that sum, with supporting documentation;

(c) In the case of benefits paid to the beneficiary in instalments, an actuarial calculation of the conversion of the value of the instalments to a lump sum;

(d) Medical reports/death certificate from the attending physicians;

(e) Casualty reports and board of inquiry reports. If these are unavailable, an administrative report from the immediate supervisor(s), indicating in detail the circumstances of the incident.

5. There are several problems with this arrangement. The preparation of the claim is lengthy and requires inputs from many sources. The amount of time spent in requesting and tracing the necessary supporting documents results in delay in the settlement of the claims. There has been a lack of a clear understanding as to what is acceptable in claiming compensation for death or disability, leading to further delay while the uncertainty is resolved. Currently no limit has been set by the United Nations on the amount that can be claimed by Governments, all payments being determined only by the national legislation and/or regulations.

6. The current arrangement of reimbursing Member States results in unequal treatment. Some national legislation provides continuing long-term benefits for disabled beneficiaries or dependants of the deceased, some Member States have sponsored insurance plans for their troops where only the premium is a direct expense of the Government and in other administrations there is no scheme for compensation. It would be entirely possible for national legislation to be enacted to benefit from a higher reimbursement from the United Nations than would have been received for the same injuries if sustained in service with national forces.

7. It is not entirely verifiable that the reimbursement paid by the United Nations, even when based on certification by a national authority, actually equals the amounts received by the beneficiaries, particularly when the award involves conversion of continuing benefits to a lump sum.

8. It has been impossible to budget for claims in any rational manner. The current practice is to provide for $40,000 per head for 1 per cent of the total troop strength of each peace-keeping mission. This is arbitrary and has no basis in reality.

9. There is no standing procedure in the Organization to review claims submitted by Governments for reasonableness or for authenticity of the documentation. For payment purposes, reliance is placed solely on the certification of national authorities.

10. The troop-contributing countries perceive the system as unfair because of the varying national practices and as being far too lengthy to benefit those who have suffered in a reasonable time. Both of these complaints are valid, but are inherent in the present scheme.

## IV. COMPARISON OF ALTERNATIVE SCHEMES

11. In resolution 49/233, the General Assembly requested the Secretary-General to present concrete proposals on the following options:

Option 1. Current arrangements with a reasonable minimum level of compensation payable for death and disability

12. There is virtually no difference from the present method other than the guarantee of a minimum amount should provision under national legislation be lower or non-existent. All of the problems of the current system remain: the delays, the unequal treatment, the absence of an upper limit and lack of verification plus an added uncertainty whether the additional amount contributed by the United Nations over and above that mandated by the national system would actually reach the beneficiary. It is intended that the minimum amount should apply to death and that only a proportional part of that minimum amount would be paid as a lump sum in cases of disability. Depending on the minimum amount, the resulting effect is to make this option more expensive than the present scheme to varying degrees. If this option were to be chosen, it is felt that the minimum level for death should not be less than $50,000, the current lower limit for compensation of military observers and civilian police.

Option 2. System of compensation featuring standardized rates of reimbursement for death and disability

13. This option and that of a global insurance scheme have much in common. Both would provide fixed amounts in cases of death and lump-sum payments in cases of disability based on a proportional amount of the standard allowance for death. Awards would be made without reference to any national scheme or national entitlement to which the injured party or his or her dependant(s) or next of kin could also lay claim. Action could be initiated in the field on the basis of accident reports, board of inquiry reports, Provost Marshal investigations or equivalent. It would not necessarily require the submission of a claim from the injured party or from his or her Government. The supporting documentation would be available in the mission area. This has the advantage of placing the resolution of the claim close to the time and place of the incident, should clarification of the circumstances demand detailed investigation. Since all payments would be scale-based, the award could be effected immediately.

14. Under this option, disbursement could be made either through a national authority or directly to the beneficiary. It is felt that, to meet unequivocally the second criterion designated by the General Assembly, i.e. compensation to the beneficiary that is not lower than the amount paid by the United Nations, the award should be given directly to either the injured party or to a beneficiary designated by him/her in the event of death. To facilitate settlement of any future award, each contingent member would be required to

designate a beneficiary upon arrival in the mission area. Use of the national authorities for final disbursement should only be resorted to in the event that a beneficiary was not designated or if national legislation or custom prevented the United Nations from completing the award.

15. This option would satisfy the four criteria contained in resolution 49/233, equal treatment of Member States, receipt by the beneficiary of the entire payment made by the United Nations and simplicity and speed of administration. The cost of this option would depend on the limits established for awards. However, imposing an upper limit in itself would reduce the potential risk to the Organization posed by the present open-ended system.

16. All awards would be in the form of a one-time lump-sum payment. The General Assembly might wish to establish an amount for service-incurred death of US$ 50,000. No award would be made for death or injury that is deliberately self-inflicted or that results from wilful misconduct. An award for permanent disability would be a lump sum calculated as a percentage of the appropriate base amount (the award for death) according to the degree of loss of function. For this purpose awards could be based on the schedule established in appendix D to the Staff Rules (ST/SGB/Staff Rules/Appendix D/Rev.1 and Amend.1 of January 1976) (see annex I). Annex II gives a quantified example of costs using an amount of $50,000 for death and awards for injuries based on appendix D percentages for claims already settled from six missions.

Option 3. Uniform global insurance scheme to cover all troops

17. This differs from the previous option only in the manner of its funding. Past experience, beginning with the commercial insurance purchased to cover the Organization against possible liabilities in the deaths or injuries sustained by troops in UNEF in 1956 and more recently with attempts to insure troops serving with UNTAC, has shown that it is not possible for the United Nations to obtain coverage for military personnel at realistic rates.

18. The insurance companies approached in the past have mostly refused to consider coverage of any military personnel. After discussions with various insurance brokers, the Secretariat is of the opinion that it would be very difficult to obtain commercial coverage at viable rates, and that it would be cheaper to be self-insured. The Secretary-General proposes, therefore that an insurance scheme administered by the United Nations be considered. In the payment of awards and in its administration it would function exactly along the same lines described above for the second option using standardized rates and immediate settlement from the field by direct payments to beneficiaries.

19. The scheme would cover all contingent troops and would be funded from amounts calculated on a monthly basis using the authorized level of contingent strength and paid into a global fund from each peace-keeping operation's budget. The monthly amount would depend on the level of awards approved by the General Assembly and the actuarial calculation of risk based on prior experience and other relevant factors.

20. The amount budgeted for this option would be based entirely on the authorized numbers of troops of the mission. All unused monies would remain in

the fund and be carried forward. It is expected that these unused amounts will accumulate over time to a level that would provide the Organization with a degree of protection against catastrophic loss that is not available in the present system nor with any of the other options being considered.

Option 4. Current arrangements for military observers and civilian police

21. The maximum compensation for death, illness or injury of a military observer or civilian police officer is $50,000 or 2 years' salary, excluding allowances, whichever is higher. This option does not meet the first criterion set by the General Assembly resolution. Since all military personnel are not paid the same, awards under this option would not be equal. Administrative arrangements could be somewhat easier than for those options based on national legislation. It would require only that the actual salary of each contingent member claiming compensation be reported and certified by the national command. This would simplify the paperwork and facilitate earlier payment. Payments under this method in respect of military observers and civilian police are currently being made directly to the beneficiaries.

Option 5. Current system of following national legislation with a ceiling

22. This option perpetuates all the problems of the present system with one exception, the limiting of the liability of the Organization in individual cases to an upper limit. This option will not provide equal treatment of Member States; it will not simplify administrative matters, nor will it speed up settlement of claims.

## V. ADDITIONAL OPTION

23. The Secretariat has considered one more option. It proposes to pay to the troop-contributing country an amount per soldier per month so that the national authorities will be able to provide suitable compensation for death or injury of their soldiers while on active duty with the United Nations. The amount would be provided in lieu of any other reimbursement by the United Nations for service-incurred death or disability and would free the Organization of all administrative responsibility. It is suggested that the monthly amount should not be significantly different from the monthly premium contemplated for the United Nations-administered insurance scheme.

24. Although seeming to treat all troop-contributing Member States equally, this option would not necessarily ensure that the death or injury of a soldier would result in equal benefits or indeed in any benefit being paid if a Member State did not choose to use the monthly payment for the establishment of a compensation scheme. Whereas the funds accumulated in the United Nations-administered insurance scheme effectively distribute the risk across all missions and therefore across all troop contributors, this sixth option would provide at the national level a financial base proportionate only to the number of their troops serving with the Organization. In this sense it is perceived that this option does not really accord equal treatment to Member States or to their soldiers.

## VI. CONCLUSIONS

25. Based on the above analysis, it appears that only options 2 and 3 meet all the criteria set in General Assembly resolution 49/233, however, option 3's method of funding makes it preferable. The Secretary-General recommends option 3, a United Nations-administered global insurance scheme that provides standardized awards for death and disability, for General Assembly approval as both the fairest and most practical scheme to administer. The General Assembly might wish to consider extending this scheme to military observers and civilian police.

26. The level of awards could be any rate determined by the Member States. While the amount of US$ 50,000 has been suggested, the General Assembly may feel that the amount could be more generous. The maximum rate is the award for death, and percentages of this rate (along the lines embodied in appendix D to the Staff Rules) can be used to settle all disability claims.

27. The other options do not meet all the criteria and none treat the troops of all Member States equally. Option 4 would be easier than the present scheme to administer and could provide an earlier settlement of most claims. The sixth option of course carries no administrative requirement.

## Notes

1/ A/3383, para. 13.

2/ A/3456.

## Annex I

### SCHEDULE OF AWARDS

(ST/SGB/Staff Rules/Appendix D/Rev.1 and Amend.1)

(a) In the case of injury or illness resulting in permanent disfigurement or permanent loss of a member or function there shall be paid to the injured party a lump sum, the amount of which shall be determined by the Secretary-General on the basis of the schedule set out in paragraph (b) below, and in accordance with the principles of assessment set out in paragraph (c) below, and applying where necessary, proportionate and corresponding amounts in those cases of permanent disfigurement or loss of member or function not specifically referred to in the schedule;

(b) Schedule (permanent disfigurement or permanent loss of member or function

| | Loss or total loss of use | | Amount |
|---|---|---|---|
| (i) | Both arms or both hands, or both legs or both feet, or sight of both eyes | | $50,000.00 |
| (ii) | Arm | (At shoulder) | 60% of (i) |
| | | (At or below elbow) | 57% of (i) |
| (iii) | Hand | (At or below wrist) | 54% of (i) |
| (iv) | Thumb | | 22% of (i) |
| (v) | Fingers | First (index) | 14% of (i) |
| | | Second (middle) | 11% of (i) |
| | | Third (ring) | 5% of (i) |
| | | Fourth | 3% of (i) |
| (vi) | Leg | (Above the knee) | 40% of (i) |
| | | (At or below the knee) | 36% of (i) |
| (vii) | Foot | (At or below ankle) | 28% of (i) |
| | | Great toe | 5% of (i) |
| | | Any other toe | 1% of (i) |
| (viii) | Loss of sight | One eye (presuming other is normal) | 24% of (i) |
| (ix) | Loss of hearing | | 35% of (i) |

(c) Compensation under the immediately preceding provisions shall be determined in accordance with the following principles of assessment, where these are applicable:

(i) The assessment for the loss, or loss of use, of two or more digits, or one or more phalanxes of each of two or more digits, of a hand or foot, shall be proportioned to the loss of the use of the hand or foot occasioned thereby;

(ii) The assessment for permanent total loss of use of a member shall be the same as for the loss of the member;

(iii) The assessment for permanent partial loss, or loss of use, of a member shall be proportionate to the degree of loss or loss of use of the member.

Annex II

COMPARISON OF ACTUAL AMOUNTS CLAIMED BY TROOP-CONTRIBUTING COUNTRIES WITH AMOUNTS TO BE AWARDED UNDER OPTION 2 USING STANDARDIZED RATES

| Mission | DEATH | | | | DISABILITY a/ | | | |
|---|---|---|---|---|---|---|---|---|
| | No. of cases | Claimed amount | Standard rate b/ | Difference | No. of cases | Claimed amount | Standard rate c/ | Difference |
| United Nations Operation in Mozambique | 7 | 1 506 575 | 350 000 | (1 156 575) | 1 | 50 000 | 50 000 | 0 |
| United Nations Assistance Mission for Rwanda | 1 | 50 000 | 50 000 | 0 | | | | |
| United Nations Interim Force in Lebanon | 24 | 4 165 732 | 1 200 000 | (2 965 732) | 6 | 460 257 | 100 000 | (360 257) |
| United Nations Protection Force | 15 | 2 489 046 | 750 000 | (1 739 046) | 7 | 933 559 | 138 000 | (795 559) |
| United Nations Operation in Somalia | 59 | 5 766 743 | 2 950 000 | (2 816 743) | 19 | 330 000 | 369 000 | 39 000 |
| United Nations Transitional Authority in Cambodia | 12 | 909 689 | 600 000 | (309 689) | 11 | 51 680 | 113 500 | 61 820 |
| Total | 118 | 14 887 785 | 5 900 000 | (7 831 210) | 44 | 1 825 496 | 770 500 | (1 054 996) |

a/ Claims that did not provide sufficient information were excluded from this analysis.

b/ All death awards are assumed to be paid at $50,000 per case.

c/ All disability awards are calculated in accordance with appendix D to the Staff Rules.